

# ***City Council Budget Meeting Minutes***

**June 7, 2016  
Louisville Public Library, Meeting Room  
951 Spruce Street  
4:00 pm**

**CALL TO ORDER** – Mayor Muckle called the meeting to order at 4:30 p.m.

The following members were present:

***City Council:***        ***Mayor Robert Muckle, Mayor Pro Tem Jeff Lipton; City Council members Jay Keany, Chris Leh, Susan Loo, Dennis Maloney and Ashley Stolzmann***

***Absent:***                ***None***

***Staff Present:***        ***Malcolm Fleming, City Manager  
Heather Balser, Deputy City Manager  
Beth Barrett, Library and Museum Services Director  
Dave Hayes, Police Chief  
Kathleen Hix, Human Resources Director  
Kurt Kowar, Public Works Director  
Chris Neves, Information Technology Director  
Joe Stevens, Parks and Recreation Director  
Kevin Watson, Finance Director  
Rob Zuccaro, Planning and Building Safety Director  
Kathy Martin, Recreation Superintendent  
Bridget Bacon, Museum Coordinator  
Meredyth Muth, Public Relations Manager***

## **APPROVAL OF THE CONSENT AGENDA**

Mayor Muckle called for changes to the consent agenda and hearing none, moved to approve the consent agenda, seconded by Councilmember Maloney. All in favor.

- A. Approval of Bills**
- B. Approval of Minutes – May 10, 2016**
- C. Approval of Summer Meeting Schedule**

## **BUDGET RETREAT: DISCUSSION/DIRECTION - 2017-2021 CAPITAL IMPROVEMENT PLAN AND RELATED ISSUES**

City Manager Fleming stated there are four agenda items for discussion in this meeting:

- Revenue assumptions, expenditure targets and major fund financial forecasts. Fleming asked for Council's input on these assumptions, if they are justified or overly conservative or optimistic.
- 2017-2021 Capital Improvements Plan (CIP). Fleming asked for direction on this list of projects and if it is the right mix of projects and cuts.
- Potential Contributing Projects for 2017-2018  
Fleming asked for prioritization of the projects on the list.
- Budget Calendar

### **Revenue Assumptions, Expenditure Targets and Major Fund Financial Forecasts for 2017**

City Manager Fleming reviewed the revenue assumptions noting there is a significant anticipated decline in building revenue and associated water tap fees based on a decline in building permits knowing what has been approved and is in the queue to build. Sales tax is estimated to grow at 3½% on average. The assumption of a property tax decline is the library bond issue being paid off. He stated these assumptions are based on historical information.

Mayor Pro Tem Lipton asked if there is a corresponding reduction in expenses for the years there is a decline in the assumed revenue. City Manager Fleming stated there is for 2017-18 and it would be done as we budget for those specific out years.

Mayor Pro Tem Lipton asked if the Historic Preservation Fund Tax (HPF) is not renewed, how would it affect the budget. City Manager Fleming stated that the program would be cut back significantly. Councilmember Keany asked if the HPF is not renewed would there be staff reductions. City Manager Fleming stated it would be a possibility.

City Manager Fleming noted that even though the tax revenue is increasing compared to earlier years, the buying power of that money is less than it was in 2000 based on inflation.

City Manager Fleming stated the reductions in the building revenues is a significant impact on the general fund. Based on all of the assumptions, for current years we are living within our means, but in the out years projections show we would not be able to sustain current spending levels.

For the expenditure target City Manager Fleming stated there is more ability to control the numbers based on how we budget each year. He noted there is an assumption of a 4% increase for salaries and it includes increased costs for insurance. This assumption is based on historical averages. This assumption also includes no new positions.

Mayor Pro Tem Lipton noted expenditures are greater than revenue growth in the long run. Director Watson noted this is very much a guess and we can't guarantee the numbers, but we can budget accordingly in those years.

Mayor Muckle asked if there are raises for the lowest paid employees would that be in the temporary salaries category. Human Resources Director Hix said yes, but it would impact equity across the organization and would require a larger policy conversation.

Councilmember Leh asked how the new changes from the Department of Labor regarding overtime pay will affect the City. Director Hix stated it will affect 5-10 employees.

Councilmember Leh asked if assuming no new positions is realistic with service needs. City Manager Fleming stated it is probably not, but those are the financial constraints that will affect how we plan for future projects and service levels.

Councilmember Keany asked for an explanation at a later date of how many full time employees (FTE) have been added since 2010, it seems very high. We can't keep adding employees if there is no additional revenue.

Mayor Muckle noted the Council needs a full discussion of a "living wage" and what it would cost the City to increase wages of the lowest paid employees. He would like more information on that before the discussion of operational budget. Councilmember Loo stated she didn't think that would be possible for the 2017-18 budget. City Manager Fleming agreed that such a large change in compensation policy couldn't be evaluated, discussed, agreed upon and implemented prior to the end of this budget cycle.

City Manager Fleming noted workload in 2016 is much higher than previous years and staff is highly stressed with construction, the IAN project, filling positions, budget changes, and much more. Staff is stretched very thin and that affects everything else.

Councilmember Keany stated he doesn't want the discussion of raises to lower paid employees to be put off until the 2019-2020 budget, he would like to see it for the 2017-2018 budget. Councilmember Loo noted there is not enough time to do that for the next

budget cycle. Councilmember Keany would like a discussion of some smaller raises but not something like raising everyone to a minimum of \$15/hour.

Councilmember Loo stated the Council can't have a substantive discussion of this in this budget cycle. There is not time or resources to do it well in this short amount of time. Councilmember Keany stated he simply wants a discussion of if it is possible to pay the lowest paid employees a small amount more, not a discussion of bringing every employee to a minimum of \$15/hour.

Councilmember Leh agreed there is no way to have a comprehensive discussion of changes to the lowest wage levels in the time left in this budget cycle. Councilmember Stolzmann would like this discussion to be a priority for Council.

Mayor Pro Tem Lipton stated he is in favor of doing some modest changes for 2017 as a way to move it forward. Mayor Muckle agreed. City Manager Fleming stated staff would work on some suggestions for Council to consider.

City Manager Fleming noted the assumptions presented at this meeting keep the general fund above the 20% fund balance goal.

City Manager Fleming said capital requests for 2017 were well above the amount available and he did not fund many requested projects so as to keep the reserve balance above the 20% goal. For the Open Space and Utility Funds reserves are good.

Mayor Pro Tem Lipton asked about the Open Space Fund noting it seems with continuing transfers from the General Fund to the Open Space Fund the Open Space fund balance keeps growing so why not decrease transfers from the General Fund. City Manager Fleming noted this transfer is consistent with the current direction from the City Council to keep roughly \$3 million in this reserve fund to be available for property acquisition.

Councilmember Keany stated he would like to see more of the reserve in the Open Space fund be used to pay for CIP projects.

### **Capital Improvement Plan**

City Manager Fleming went through the CIP numbers noting he received many more requests from departments than could be funded.

Regarding paving, City Manager Fleming stated that throughout the five-year plan he is recommending fully funding the paving project, but he is recommending some of the funding be put in out years and retain the \$2 million reserve.

Mayor Pro Tem Lipton asked for paving to be discussed first as it will drive much of the rest of the CIP discussion. He asked for another \$1 million dollars to be put towards paving in 2018.

Councilmember Stolzmann asked for the \$2.5 million for the pavement booster that was removed in 2018 should be put back in with cuts elsewhere. City Manager Fleming stated that could be done but it would remove most all of the general government capital items.

Councilmember Loo asked for information on how the impact fees are spent and if they are dedicated to certain programs. Director Watson stated yes, they are dedicated and they have to be spent on growth-related projects. If not spent in six years, the funds have to be refunded. Councilmember Loo stated she wanted to be certain we are spending the impact fees to the greatest extent allowable. Councilmember Keany asked if in future presentations items that are paid for by impact fees be easily identifiable.

Councilmember Loo asked that CIP projects associated with grant funds be clearly identified on the CIP sheet. She added the maintenance costs for some projects aren't clear. Director Watson noted the grant funds are only listed on the line items if a grant is assured. If the funding is possible but is not already approved, that amount is not included.

Councilmember Maloney stated the city survey results showed street maintenance is clearly the most important thing citizens are asking for and should be prioritized over other things.

City Manager Fleming asked that as the group goes through projects they should be clear what should be cut or pushed back, particularly if they want \$2.5 million moved to paving.

Mayor Muckle stated his belief that while residents want paving, it does not mean they want everything else cut. It should be a high priority, but doesn't have to be done at the expense of everything else.

Mayor Pro Tem Lipton stated he thought quiet zones could be moved to 2019 to help fund paving. Deputy City Manager Balser noted most of the cost of that is grant funded, the City's portion is about \$300,000, not enough to fund paving. Mayor Pro Tem Lipton asked if Burlington Northern will actually be available to do this in 2018. Deputy City Manager Balser said this is a best guess.

Councilmember Loo stated she would like all of the wayfinding removed. It is a great deal of money and it is not a good use. City Manager Fleming stated based on the previous budget discussion; he tried to remove wayfinding from most every request and tried to put focus on the trail connections.

Councilmember Keany stated he thought some of the smaller wayfinding should be left in and the parks signs that need to be replaced should also be left in.

Director Stevens noted the wayfinding requests were driven by the Open Space Advisory Board (OSAB). For OSAB this is their main priority for funding. Mayor Pro Tem Lipton stated OSAB put together their priorities at the request of the City Council but they will understand it has to be balanced with everything else.

Councilmember Loo would like the bird nest camera removed. Councilmember Leh agreed.

Councilmember Loo would like the Kaylix Avenue extension removed as the City doesn't own the property. City Manager Fleming noted that land acquisition would come when the property is developed; this CIP is for design of the street that would be negotiated as a part of the development process.

Mayor Pro Tem Lipton suggested asking staff to make reductions to meet a target and also to reduce transfers to the Open Space Fund with that funding moved to the CIP. He suggested giving staff a target rather than going through each project.

City Manager Fleming stated staff can come back with a new version of the CIP with the additional \$2.5 million put towards paving in 2018 but it will require many cuts.

Councilmember Loo stated staff should remove all "quality of life" projects and put that money towards paving. Councilmember Leh noted the citizen survey results show quality of life is the 2<sup>nd</sup> highest rated item behind paving so it is still very important.

Councilmember Loo stated the museum expansion came in last on the priority list on the survey and all money towards that project should be removed. Mayor Pro Tem Lipton stated it is for design work and is needed for fund raising and should be left in.

Mayor Pro Tem Lipton stated he doesn't want to cut all quality of life projects but would like to see those projects moved further out. Councilmember Maloney would like items moved to out years to allow for paving in 2018.

Councilmember Keany asked if the paving booster program could be smoothed out over additional years.

Mayor Muckle asked for public comments.

John Leary stated the format of the documents is not transparent enough for residents to understand.

Paula Elrod, on behalf of the Historical Commission and the History Foundation, asked for the Council to approve \$49,000 for design of a new Museum building to enlarge and improve the museum complex.

Councilmember Leh stated the Council needs to find a better way to review budget information. He stated the Council needs to give clear direction/information to staff. Councilmember Stolzmann stated her hope that program budgeting will solve some of this problem.

Councilmember Maloney agreed with Mayor Pro Tem Lipton's earlier comment that Council should direct staff to come back with suggested cuts to offset increases in paving rather than the Council reviewing each item individually.

Councilmember Loo noted if the Council is basing decisions on the survey results, they the Council also need to recognize those items that did not get support in the survey, for example the museum came in at the very bottom of the priority list. She added there are other ways to address the museum issues than a new building.

Councilmember Loo suggested giving City Manager Fleming the ability to make cuts to offset paving, but she didn't think the conversation so far has given him enough information to know what the Council really wants. She asked City Manager Fleming if he had enough information at this point to do that. He stated he hasn't heard a great deal of consensus, but he can come up with some options for the Council to consider at the August 9 meeting.

Councilmember Loo would like the issues at the Davidson Mesa parking lot to be addressed and doesn't see anything in the CIP. She would like to see that added. City Manager Fleming stated he would add it to 2017. Mayor Pro Tem Lipton asked if it could be done in 2016. Public Works Director Kowar said maybe if the opportunity presents itself.

Councilmember Loo asked about the CTC road connection which currently is not included. She would like it added back in as the CTC area will see more and more competition for businesses from neighboring municipalities and this road connection is a benefit to CTC and traffic connections. It would make the City a good team player with the metro district.

Mayor Pro Tem Lipton stated the CTC should pay for the road. Mayor Muckle stated he hoped the metro district and other partners might pay the majority of the road costs and the City could fund a smaller portion of what wasn't paid for by other sources.

Councilmember Loo stated times have changed and the City needs to pay for this road to keep the CTC as a competitive area for businesses. Mayor Pro Tem Lipton disagreed saying the metro district can afford to build it themselves.

Mayor Muckle asked if the Council would like to see a smoothing of the paving or if they want the entire \$2.5 million added back in to 2018 with cuts to offset that cost. He stated he supported smoothing it and adding some back in 2018 but not the entire \$2.5 million.

Councilmember Stolzmann stated it depends on what overall condition the Council wants the streets to be. City Manager Fleming noted that as presented the 5-year plan will get every street above a 35 OCI which was the number the Council previously agreed upon.

Mayor Pro Tem Lipton supported a smoothing across the 5 years. He stated he would like to see about \$1.5 million added back in 2018. He stated he doesn't want to go back on the commitment to making street maintenance a priority. He suggested staff remove non-essential items to pay for it.

City Manager Fleming asked for clarification whether the Council wants \$1.5 million or \$2.5 million in 2018 for the pavement booster program. Councilmember Keany suggested moving \$1.5 million from 2021 to 2018. There was consensus to have staff bring back a proposal to add an estimated \$1.5 - \$2 million for paving in 2018 along with coordinated cuts.

Mayor Pro Tem Lipton noted there are a lot of projects that aren't even in the 5-year plan. There simply is not enough funding to go around and we have to accept those limitations.

Councilmember Loo noted she didn't want public safety items cut. She doesn't want to see quality of life projects included at the expense of public safety projects. Regarding public works, she added there are many consultant costs included in the CIP and she would like to see more details about what they are for. She thought water acquisition should be done whenever water rights are available, not wait until out years.

Mayor Pro Tem Lipton stated public safety is important but it needs to be looked at as critically as anything else and we need to see the Police Master Plan to understand what is really needed.

The following suggestions were made for each fund:

*Open Space*

- Councilmember Stolzmann would like open space zoning moved to earlier years as the zoning is required by the Charter. She wants to see a real commitment to getting this done. She suggested removing the bird camera and new truck to pay for it. Councilmember Loo, Mayor Muckle and Councilmember Leh agreed there is a need to make a good faith effort on this.
- Mayor Pro Tem Lipton stated we should revisit the transfer from the General Fund to the Open Space fund to see if it is warranted for next



year as the fund balance there is relatively high. Councilmember Loo agreed. Councilmember Stolzmann didn't see a need to revisit that conversation. Mayor Muckle agreed with Councilmember Stolzmann. Councilmember Maloney asked if the fund is already over the target fund balance by \$1 million why there is a need for such a big transfer. Councilmember Leh agreed with Councilmember Maloney. Councilmember Keany also agreed. There was majority consensus to review the transfer.

#### *Conservation Trust Lottery Fund*

- Councilmember Stolzmann would prefer projects not be split between funds so it is less confusing.
- Mayor Muckle stated he would like to see a modest amount of money included for some wayfinding. Mayor Pro Tem Lipton and Councilmember Keany agreed.
- Councilmember Loo would like more details about what the original wayfinding program is and to know what exactly is proposed for way finding and what is proposed for trails in the "wayfinding and trails" category.

#### *Historic Preservation*

- Councilmember Loo asked why the interpretive signs are so big. She doesn't like the design of the signs and doesn't think it is a good use of money.

#### *Capital Projects*

- Mayor Pro Tem Lipton asked that the library projects be spread out over a longer time period rather than all in the early years.
- Mayor Pro Tem Lipton asked what the Bike Boulevard is. Mayor Muckle stated it would connect Walnut Park to the South Street underpass. Councilmember Stolzmann agreed it should be removed. Councilmember Keany agreed it should be removed.
- Councilmember Loo would like the Arts Center lighting removed. Councilmember Stolzmann stated it might be paid by the bond to improve the Memory Square building. Mayor Muckle stated it is a safety issue and should be included.
- Councilmember Loo wants the Arts Center sign removed or the price reduced.
- Councilmember Stolzmann would rather see the sculpture garden put back in and not the Arts Center sign.
- Councilmember Loo would like the Police Department basement restrooms put back in at a time when it makes sense.

#### *Public Works*

- Councilmember Stolzmann would like more information on what is in the Highway 42 plan and what the costs are. Deputy City Manager Balser noted it includes the Highway 42 underpass and the Hecla Drive traffic signal. Some of the improvements will be paid by Boulder County. Councilmember Stolzmann asked if the underpass could be paid by the Open Space Fund as it connects two open space parcels.
- Councilmember Leh would like the median renovations put back in. Councilmember Stolzmann and Councilmember Loo agreed. Councilmember Loo stated the Parks board is supportive of median improvements.

City Manager Fleming stated that if there is a desire for \$1.5 moved to 2018 for paving, this is a high price item and cannot stay in and keep the \$2 million reserve. Councilmember Leh is willing to trade off some paving for median projects.

Mayor Pro Tem Lipton stated we need a better idea of what exactly is needed for medians and how much it will cost. Councilmember Maloney agreed we need a more detailed plan. Mayor Muckle agreed a plan is needed, but is ok with not putting the money in 2017. Mayor Pro Tem Lipton noted if this is a new item on the work plan for staff we need to take something else off. Consensus was there is a need for better understanding what is needed for medians, what it might cost, and how soon it can be addressed.

#### *Parks*

- Councilmember Loo would like to see the Parks board complete a Parks Maintenance Plan to better understand what the long-term issues are for the parks and also perhaps include the medians in that plan.

### **Potential Contributing Projects for 2017/2018**

City Manager Fleming asked all Councilmembers to look at the subprogram projects and prioritize what is important. He stated cost and details for each one would come once the items are prioritized.

Councilmember Loo stated it was hard to prioritize the projects without additional information on what each one entails and how much it might cost. Councilmember Stolzmann stated her belief this will become easier as the program budgeting develops.

Mayor Pro Tem Lipton stated his priority now is to allow staff to focus on getting the enterprise system in place before we ask staff to focus entirely on the program budget. Members agreed.

Councilmember Stolzmann would like to see goals for each subprogram before prioritizing the projects. City Manager Fleming stated that is what the Finance Committee is working on.

The Mayor was comfortable with having the Finance Committee continue their work as it would be more efficient than the Council doing it. There was consensus to let the Finance Committee keep working on the goals for the subprograms which will inform the contributing projects and bring that updated list back to the full Council at a later date.

### **Budget Calendar**

City Manager Fleming highlighted the budget calendar and asked everyone to make sure they can attend all of the budget meetings and to let staff know if anyone cannot make any of the dates.

### **ADJOURN**

The meeting adjourned at 9:27 PM.

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Robert P. Muckle, Mayor

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Meredyth Muth, City Clerk